



Sean Rogan
Executive Director

COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles

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Gloria Molina
Mark Ridley-Thomas
Zev Yaroslavsky
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Michael D. Antonovich
Commissioners

August 03, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**ADOPT RESOLUTION APPROVING THE REFUNDING OF MULTIFAMILY HOUSING
MORTGAGE REVENUE BONDS FOR SAND CANYON VILLAS IN THE CITY OF SANTA
CLARITA
(FIFTH DISTRICT) (3 VOTES)**

SUBJECT

This letter recommends issuance of Multifamily Housing Mortgage Revenue Refunding Bonds to pay off the existing non-credit-enhanced privately placed bonds for Sand Canyon Villas, a 215-unit multifamily development located at 28923 North Prairie Lane in the City of Santa Clarita. The new bonds will be AAA-rated publicly offered bonds and credit-enhanced by Freddie Mac. This letter relates to another item on the agenda for the Board of Commissioners of the Housing Authority.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt and instruct the Chair to sign a resolution approving the issuance of Multifamily Housing Mortgage Revenue Refunding Bonds by the Housing Authority of the County of Los Angeles, as required under Section 147(f) of the Internal Revenue Code of 1986, in an aggregate amount not to exceed \$17,000,000 in tax-exempt bonds to refund the existing bonds at the Sand Canyon Villas, a 215-unit multifamily development in the City of Santa Clarita.
2. Find that adoption of the resolution is not subject to the California Environmental Quality Act (CEQA) because the action is not defined as a project under CEQA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The issuance, sale and delivery of Multifamily Housing Mortgage Revenue Refunding Bonds will allow the Palmer Sand Canyon Ltd. (Developer), a California Limited Partnership, to pay off the

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

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Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

existing non-credit-enhanced privately placed bonds with AAA-rated publicly offered bonds credit-enhanced by Freddie Mac. This action will allow the bonds to continue to qualify for a tax exemption under Section 103 of the Internal Revenue Code of 1986.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. The Developer will repay the bonds solely through rent revenues, and will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On November 1, 1989, the Housing Authority issued Multifamily Housing Mortgage Revenue Bonds to finance, acquire, and construct the Sand Canyon Villas.

On September 4, 2001 the Board of Commissioners of the Housing Authority and the Board of Supervisors adopted resolutions approving and authorizing the reissuance, sale and delivery of the existing bonds. The purpose was to provide a lower interest rate and extend the term of the Regulatory Agreement for an additional 16 years.

Sand Canyon Villas consists of 215 multifamily rental units of which the current affordability is as follows: 22 units are rented to households with incomes not to exceed 50% of the area median income (AMI) and 22 of the units are rented to households with incomes not to exceed 80% of the AMI for the Los Angeles-Long Beach Statistical Area, adjusted for family size, as defined by the U.S. Department of Housing Development.

The bond purchase agreement for the existing bonds will expire in October 2011. The rating of the existing bonds is based upon the institutional rating of Merrill Lynch, which purchased the bonds. The issuance of new tax-exempt bonds in the amount of \$17,000,000 will allow the Developer to pay off the existing non-credit-enhanced privately placed bonds with AAA-rated publicly offered bonds credit-enhanced by Freddie Mac. The maturity on the new bonds will extend the term of the bonds and the affordability of the units for six additional years until November 1, 2037.

On July 9, 2010, one written comment was received by mail which neither supported nor opposed the refunding of the bonds. On July 22, 2010, the Housing Authority conducted a TEFRA hearing at its office located at 2 Coral Circle in Monterey Park, regarding the refunding of multifamily bonds for the development, pursuant to Section 147(f) of the Internal Revenue Code. No comments were received at the public hearing concerning the refunding of the bonds or the nature and location of the project.

The attached resolution was prepared by Orrick, Herrington & Sutcliffe, LLP, bond counsel for the Housing Authority, and approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

Approval of this action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines Sections 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Adoption of the resolution will approve the issuance of the refunding bonds and enable the Developer to pay off the existing non-credit-enhanced privately placed bonds with AAA-rated publicly offered bonds credit-enhanced by Freddie Mac.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN
Executive Director

SR:jwr

Enclosures

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING
REVENUE REFUNDING BONDS AND RELATED ACTIONS

WHEREAS, the Housing Authority of the County of Los Angeles (the "Authority") has issued revenue bonds in order to assist in the refinancing of the acquisition and construction of a multifamily rental housing development known as "Sand Canyon Villas and Townhomes" and consisting of 215 units located at 28923 North Prairie Lane, Santa Clarita, Los Angeles County (the "Project"), owned by Palmer Sand Canyon Ltd., a California Limited Partnership; and

WHEREAS, the Authority intends to adopt a plan of financing to sell and issue multifamily housing revenue refunding bonds in one or more series issued from time to time, and at no time to exceed \$17,000,000 in outstanding aggregate principal amount (the "Bonds"), in order to assist in refinancing the Project; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the Bonds are required to be approved prior to their issuance by the applicable elected representative of the governmental unit on whose behalf the bonds are expected to be issued and by each governmental unit having jurisdiction over the area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the interest on the Bonds may qualify for exclusion from gross income under Section 103 of the Internal Revenue Code of 1986 (the "Code"), only if the Bonds are approved in accordance with Section 147(f) of the Code; and

WHEREAS, the Project is located wholly within the County of Los Angeles, California; and

WHEREAS, this Board of Supervisors is the elected legislative body of the County and is the applicable elected representative of the Authority within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the Housing Authority of the County of Los Angeles has, following notice duly given, held a public hearing regarding the issuance of such Bonds on July 22, 2010, and now desires that the Board of Supervisors approve the issuance of such Bonds; and

WHEREAS, this Board hereby finds and declares that this resolution is being adopted pursuant to the powers granted by law;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The above recitals, and each of them, are true and correct.
2. This Board of Supervisors hereby approves the issuance of the Bonds by the Authority to refinance costs of the Project. It is the purpose and intent of this Board of Supervisors that this Resolution constitute approval of the Bonds by the applicable elected representative of the issuer of the Bonds and the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with Section 147(f) of the Code.
3. The proper officers of the Authority are hereby authorized and directed to take whatever further action relating to the aforesaid financial assistance may be deemed reasonable and desirable, provided that the terms and conditions under which the bonds are to be issued and sold shall be approved by the Board of Commissioners of the Authority in the manner provided by law prior to the sale thereof.
4. The Executive Officer-Clerk of the Board of Supervisors or a deputy thereof is directed to certify and deliver a copy of this Resolution to the Authority.
5. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Supervisors of the County of Los Angeles,
State of California, this 3rd day of August, 2010, by the following vote:

AYES: Supervisors Ridley-Thomas, Yaroslavsky, Knabe, Antonovich and Molina

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By 
Chair of the Board of Supervisors

ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors

By: 
Deputy



APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
County Counsel

By: 
Deputy